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**HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 12 2000

*WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION*

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MANDEVILLE, LOUISIANA 70471

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**WILLIAM DANIEL MCCASKILL, CPA
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**INDEPENDENT AUDITOR'S REPORT
UNQUALIFIED OPINION ON GENERAL PURPOSE
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
*OF EXPENDITURES OF FEDERAL AWARDS***

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA 70806**

I have audited the accompanying general purpose financial statements of the Housing Authority of the City of Baton Rouge (PHA) as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

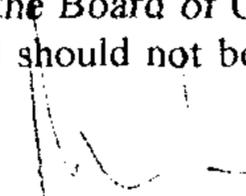
In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Baton Rouge as of September 30, 1999, and the results of its operations and changes in its total equity for the year ended in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the Governmental Funds to the Enterprise Funds method for the year ended September 30, 1999.

In accordance with Government Auditing Standards, I have also issued a report dated February 14, 2000 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal awards and the Financial Data schedules (II and III) are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 14, 2000

Housing Authority of the City of Baton Rouge
COMBINED BALANCE SHEET -- ALL FUNDS
September 30 1999

EXHIBIT A

ALL FUNDS

ASSETS

Current assets:

Cash and cash equivalents	628,465.00
Tenants rents receivable(net)	19,351.00
Accounts and notes receivables	475,890.00
Prepaid expenses and other assets	117,397.00
Inventories	56,257.00
Interprogram due from	440,977.00

Total current assets 1,738,337.00

Noncurrent assets:

Fixed assets (net)	20,947,205.00
Undistributed debits	99,334.00

Total assets 22,784,876.00

=====

LIABILITIES AND FUND EQUITY

Current liabilities:

Accounts Payable and accrued liabilities	374,977.00
Deferred revenues	115,894.00
Current portion of long-term debt capital projects	143,194.00
Security deposits	113,732.00
Interprogram due to	440,977.00

Total current liabilities 1,188,774.00

Noncurrent liabilities:

Noncurrent liabilities-other	114,524.00
Noncurrent portion of long-term debt	-

Total liabilities 1,303,298.00

Fund equity:

Contributed capital (net)	20,870,116.00
Retained earnings	611,462.00

Total fund equity 21,481,578.00

Total liabilities and fund
equity

22,784,876.00

=====

see notes to financial statements

Housing Authority of the City of Baton Rouge
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS
 For the year ended September 30, 1999

EXHIBIT B

	ALL FUNDS
Operating revenues:	
Net tenant revenue	1,317,434.00
Tenant revenue-other	50,152.00
Interest income	23,364.00
Other income	149,857.00
HUD PHA grants	8,652,540.00
Other government grants	37,482.00

Total operating revenues	10,230,829.00

Operating expenses:	
Adminstration	1,638,035.00
Tenant services	174,258.00
Utilities	837,408.00
Ordinary maintenance	1,334,697.00
General expense	532,485.00
Extraordinary maintenance	40,314.00
Capital losses-noncapitalized	22,323.00
Housing assistance payments	5,945,039.00

Operating expenses before depreciation	10,524,559.00

Operating income/(loss) before depreciation	(293,730.00)
Depreciation expense	1,997,190.00
Net operating income/(loss) after depreciation	(2,290,920.00)

Retained earnings (operating reserve), 9-30-98	1,079,450.00
Add: HUD-REAC prior year GAAP adjustments	(174,258.00)
Operating income/(loss) before depreciation	(293,730.00)

Retained earnings (operating reserve), 9-30-99	611,462.00

Net HUD contribution, 9-30-98	20,412,039.00
Current year addition and REAC adjustments	458,077.00

Net HUD contribution, 9-30-99	20,870,116.00

Total Equity, 9-30-99	21,481,578.00

see notes to financial statements

Housing Authority of the City of Baton Rouge
COMBINING STATEMENT OF CASH FLOWS -- ALL FUNDS
For the Year Ended September 30, 1999

EXHIBIT C
page 1 of 2

Cash flows from operating
activities:

Cash received from tenants	1,367,586.00
Cash received from other income	149,857.00
Cash paid for goods and services	(8,968,925.00)
Cash paid to employees	(1,555,634.00)

Net cash provided by operating activities	(9,007,116.00)
--	----------------

Cash flows from noncapital
financing activities:

Operating grants and subsidies	8,690,022.00
--------------------------------	--------------

Cash flows from capital
and related financing activities:

Proceeds from grants	522,151.00
Acquisition of capital assets	(522,151.00)
Proceeds from issuance of notes	143,194.00
Aquisition of capital assets	(143,194.00)

Net cash used for capital and related financing activities	-
--	---

Cash flows from investing
activities:

Interest on investments	23,364.00
-------------------------	-----------

see notes to financial statements

Housing Authority of the City of Baton Rouge
 COMBINING STATEMENT OF CASH FLOWS--ALL FLOWS
 For the Year Ended September 30, 1999

Reconciliation of operating income to net cash provided by operating activities:

Adjustments to reconcile

operating income to net cash

Net HUD-REAC Adjustments-Non Cash	174,254.00
Depreciation	
(Increase) decrease in tenant rents receivable	(9,259.00)
(Increase) decrease due from US Dept of HUD	(147,296.00)
(Increase) decrease in supplies inventory	
(Increase) decrease in due from other govts.	(75,760.00)
(Increase) decrease in prepaid insurance	9,154.00
(Increase) decrease in undistributed debits	(66,969.00)
(Increase) decrease in accts receivable misc.	(3,645.00)
Increase (decrease) in accout pay other govts.	71,584.00
Increase (decrease) in accounts payable and accrued liabilities	4,379.35
Increase (decrease) in security deposits	13,046.00
Increase (decrease) in account payable HUD	(416,605.00)
Increase (decrease) in accrued vacation pay	137,043.00
Increase (decrease) in deferred revenues	(430,564.00)
Increase (decrease) in a/p noncurrent	(28,209.00)

Total adjustments (768,846.65)

Change in cash and equivalents (1,062,576.65)

Beginning Cash 1,691,041.65

Cash and cash equivalents end of year-Exhibit A 628,465.00

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS--BUDGET VS. ACTUAL
 GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

REVENUES	LOW RENT		SPECIAL REVENUE		Favorable Variance
	Budget	Actual	Budget	Actual	
Local Sources:					
Dwelling Rental	1,562,000.00	1,367,586.00	-	-	(194,414.00)
Interest Charges	22,859.00	4,324.00	-	19,040.00	(18,535.00)
Receipts from the Sale of Equipment			-	-	
Other	45,764.00	105,575.00	-	-	59,811.00
Federal Sources:					
Operating Subsidy	1,552,636.00	1,552,636.00	-	-	-
Annual Contributions			7,887,016.00	6,656,687.00	(1,230,329.00)
Grants					
Total Revenues	3,183,259.00	3,030,121.00	7,887,016.00	6,675,727.00	(1,211,289.00)
EXPENDITURES					
Current:					
Administration	634,500.00	722,250.00	795,588.00	397,622.00	(87,750.00)
Utilities	890,950.00	837,408.00	-	-	53,542.00
Ordinary Maintenance & Operations	1,055,020.00	1,334,697.00	-	-	(279,677.00)
Tenant services	57,370.00	34,437.00	-	139,821.00	22,933.00
General Expenditures	460,905.00	356,496.00	-	175,989.00	104,409.00
Nonroutine Maintenance	50,000.00	40,314.00	-	-	9,686.00
Housing Assistance Payments			5,770,284.00	5,945,039.00	(174,755.00)
Capital losses-noncapitalized			-	-	
Facilities Acquisition & Construction	92,625.00	22,323.00	-	-	(22,323.00)
Debt Service:					
Principal Retirement			-	-	
Interest & Bank Charges			-	-	
Total Expenditures	3,241,370.00	3,347,925.00	6,565,872.00	6,658,471.00	(106,555.00)
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(58,111.00)	(317,804.00)	1,321,144.00	17,256.00	(259,693.00)
OTHER FINANCING SOURCES (USES)					
HUD-REAC prior year GAAP adjustments		116,276.00	-	290,534.00	(116,276.00)
NET EXCESS (DEFICIENCY) OF REVENUES	(58,111.00)	(201,528.00)	1,321,144.00	(273,278.00)	(143,417.00)
RETAINED EARNINGS AT BEGINNING OF YEAR	554,678.00	554,678.00	428,126.00	428,126.00	-
RETAINED EARNINGS AT END OF YEAR	496,567.00	353,150.00	1,749,270.00	154,848.00	(143,417.00)

see notes to financial statements

THE HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana, for the purpose of providing safe and sanitary dwelling accommodations for the residents of Baton Rouge, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PHA is governed by a five member Board of Commissioners. The members, appointed by the Mayor of Baton Rouge, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of September 30, 1999, and for the fiscal then ended, the PHA had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Change in Accounting Principle

For the year ended September 30, 1999, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of the Department of HUD.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

REAC suggests that accumulated depreciation be charged to HUD Capital Contributions, not Retained Earnings. REAC directs that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also directs PHA's to deleted outstanding debt owed to HUD, annual contributions and debt amortization funds receivable due from HUD, and close tem to HUD Capital Contributions.

The amount of the September 30, 1999 operating reserve becomes the beginning retained earnings. These is no cumulative effect on beginning retained earnings resulted from the accounting method change.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The PHA is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables or depreciation. The budget does reflect furniture and equipment additions from operations.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

NOTE B -- CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is entity's policy for deposits to be secured to be secured by collateral valued at market or par, which is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1999. The categories are described as follows:

Category 1 -- Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 -- Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 -- Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category		
	1	2	3
\$628,465	100,000		528,465

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C -- ACTIVITIES OF THE PHA

At September 30, 1999, the PHA was managing 1,326 units of low-rent in 16 projects under FW-1281, 521 units of vouchers program under FW-2216, 953 units of under FW-2059E under the existing program, 21 units under the moderate rehabilitation program FW-2059, CGP program, PHDEP program, Service coordinator program, and business activities. Business activities includes the operation of laundry facilities and the acquisition and renovation of a central office building.

NOTE D -- CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E -- FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	20 Years
Buildings	20 Years
Building improvements	10 Years
Nondwelling structures	20 Years
Equipment	3 to 7 Years

	9-30-99 Cost	Current Depreciation	Accumulated Depreciation	9-30-99 Net
Land	\$9,895,675			9,895,675
Buildings & Improvements	37,625,684	1,991,031	25,491,005	10,143,648
Equipment	1,315,898	6,159	1,288,694	21,045
	<u>\$48,437,254</u>	<u>1,997,190</u>	<u>26,776,699</u>	<u>20,063,365</u>

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

NOTE F -- LONG-TERM DEBT

As noted in Note A, long-term debt owed to HUD has been closed to HUD Capital Contributions.

NOTE G -- RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employees contribute 5% and the entity

contributes 8% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1999 was \$1,555,634. The entity's contributions were calculated using the base salary amount of \$1,555,634. Contributions to plan were \$77,781 and \$124,450.72 By the employee and the entity, respectively.

NOTE H -- DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

NOTE I -- ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE J -- USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Housing Authority of the City of Baton Rouge
City of Baton Rouge, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 1999

SCHEDULE I

FEDERAL AGENCY:	CFDA NO.	Federal Award Expenditures
U S Department of Housing and Urban Development Direct Programs:		
Low Income Housing:		
Operating Subsidy		1,552,636
Leased		
Development		
Total Low Income Housing	14.850	1,552,636
Section 8 Cluster:		
Vouchers	14.855	1,925,991
Certificates	14.857	4,434,142
Moderate Rehabilitation	14.856	61,630
New Construction	14.182	
Substantial Rehabilitation	14.182	
Total Section 8 Cluster		6,421,763
Comprehensive Grants	14.859	751,170
CIAP	14.852	<u> </u>
Public Housing Drug Elimination Program:		
PHDEP		178,349
Youth Sports		
Total PHDEP	14.854	178,349
Shelter + Care	14.238	<u> </u>
HOPE	14.858	<u> </u>
Service Coordinator	14.239	35,849
Child Care Food Program (USDA)	10.558	<u> </u>
TOTAL FEDERAL EXPENDITURES		8,939,767 =====

NOTE: This schedule of expenditures of federal awards is prepared on GAAP accounting.

see notes to financial statements

Housing Authority of the City of Baton Rouge
 COMBINING BALANCE SHEET--ALL FUNDS
 September 30, 1999

SCHEDULE II
 Page 1 of 2

	Low Rent	Voucher	Mod Rehab	Existing	CGP	PHDEP	Business Activities	Service Coordinator	State Tutorial	Total
ASSETS										
CURRENT ASSETS:										
Cash:										
Cash-unrestricted	632.00	119,182.00	76,467.00	180,464.00	-	-	23,464.00	-	-	400,209.00
Cash-other restricted	-	83,039.00	-	31,485.00	-	-	-	-	-	114,524.00
Cash-tenants security deposits	113,732.00	-	-	-	-	-	-	-	-	113,732.00
Total cash	114,364.00	202,221.00	76,467.00	211,949.00	-	-	23,464.00	-	-	628,465.00
Accounts and notes receivables:										
Accounts receivable-HUD other projects	26,073.00	79,532.00	-	15,617.00	11,628.00	14,446.00	-	-	-	147,296.00
Accounts receivable-other government	75,760.00	-	-	-	-	-	-	-	-	75,760.00
Accounts receivable-miscellaneous	197,679.00	16,308.00	-	38,847.00	-	-	-	-	-	252,834.00
Accounts receivable-tenants dwelling rents	25,777.00	-	-	-	-	-	-	-	-	25,777.00
Allowance for doubtful accounts-other	(6,426.00)	-	-	-	-	-	-	-	-	(6,426.00)
Total receivables, net of allowances for doubtful accounts	318,863.00	95,840.00	-	54,464.00	11,628.00	14,446.00	-	-	-	495,241.00
Current investments:										
Investments	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets										
Inventories	117,397.00	-	-	-	-	-	-	-	-	117,397.00
Interprogram-due from	56,257.00	-	-	-	-	-	-	-	-	56,257.00
	325,083.00	-	-	-	97,486.00	-	-	-	18,408.00	440,977.00
TOTAL CURRENT ASSETS	931,964.00	298,061.00	76,467.00	266,413.00	109,114.00	14,446.00	23,464.00	-	18,408.00	1,738,337.00
NONCURRENT ASSETS:										
Fixed assets:										
Land	9,895,672.00	-	-	-	-	-	-	-	-	9,895,672.00
Buildings	37,625,684.00	-	-	-	560,647.00	-	223,194.00	-	-	38,509,525.00
Furniture, equipment & machinery-dwellings	844,644.00	-	-	-	1.00	-	-	-	-	844,645.00
Furniture, equipment & machinery-administration	471,254.00	-	-	390,646.00	1.00	-	-	-	-	861,901.00
Leasehold improvements	-	-	-	-	1.00	-	-	-	-	1.00
Accumulated depreciation	(28,773,889.00)	-	-	(390,646.00)	(4.00)	-	-	-	-	(29,164,539.00)
Total fixed assets, net of accumulated depreciation	20,063,365.00	-	-	66,968.00	560,646.00	-	223,194.00	-	-	20,947,205.00
Other non-current assets:										
Undistributed debits	32,366.00	-	-	66,968.00	-	-	-	-	-	99,334.00
TOTAL NONCURRENT ASSETS	20,095,731.00	-	-	66,968.00	560,646.00	-	223,194.00	-	-	21,046,539.00
TOTAL ASSETS	21,027,695.00	298,061.00	76,467.00	333,381.00	769,760.00	14,446.00	246,658.00	-	18,408.00	22,784,876.00

see notes to financial statements

	Low Rent	Voucher	Mod Rehab	Existing	CGP	PHDEP	Business Activities	Service Coordinator	State Tutorial	Total
LIABILITIES AND EQUITY:										
Current Liabilities				1.00						
Accounts payable	88,400.00									88,401.00
Accrued wage/payroll taxes payable	27,225.00									27,225.00
Accrued compensated absences	137,043.00									137,043.00
Accounts payable-HUD PHA Programs		1.00	32,720.00	18,003.00						50,724.00
Accounts payable-other government	71,584.00									71,584.00
Tenant security deposits	113,732.00				97,486.00				18,408.00	113,732.00
Deferred revenue							143,194.00			143,194.00
Current portion of L-T debt-capital projects										
Interprogram-due to	115,894.00	98,530.00		200,479.00	11,628.00	14,446.00				440,977.00
TOTAL CURRENT LIABILITIES	553,878.00	98,531.00	32,720.00	218,483.00	109,114.00	14,446.00	143,194.00	18,408.00		1,188,774.00
NONCURRENT LIABILITIES:										
Noncurrent liabilities-other		83,039.00		31,485.00						114,524.00
TOTAL NONCURRENT LIABILITIES		83,039.00		31,485.00						114,524.00
TOTAL LIABILITIES	553,878.00	181,570.00	32,720.00	249,968.00	109,114.00	14,446.00	143,194.00	18,408.00		1,303,298.00
EQUITY:										
Investment in general fixed assets										
Contributed Capital:										
Net HUD PHA contributions	20,120,667.00	78,101.00	10,702.00		660,646.00					20,870,116.00
Total contributed capital	20,120,667.00	78,101.00	10,702.00		660,646.00					20,870,116.00
Undesignated fund balance/retained earnings	353,150.00	38,390.00	33,045.00	83,413.00			103,464.00			611,462.00
TOTAL EQUITY	20,473,817.00	116,491.00	43,747.00	83,413.00	660,646.00		103,464.00			21,481,578.00
TOTAL LIABILITIES AND EQUITY	21,027,695.00	298,061.00	76,467.00	333,381.00	769,760.00	14,446.00	246,658.00	18,408.00		22,784,876.00

see notes to financial statements

Housing Authority of the City of Baton Rouge
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS

SCHEDULE III
 page 1 of 2

REVENUE:	Low Rent	Vouchers	Mod Rehab	Existing	CGP	PHDEP	Business Activities	Service Coordinator	State Tutorial	Total
Net tenant revenue	1,317,434.00									1,317,434.00
Tenant revenue--other	50,152.00									50,152.00
Total tenant revenue	1,367,586.00									1,367,586.00
HUD PHA grants	1,552,636.00	2,169,029.00	73,910.00	4,413,748.00	229,019.00	178,349.00		35,849.00		8,652,540.00
Investment income-unrestricted	4,324.00	3,667.00	177.00	15,196.00						23,364.00
Other government grants	105,575.00									105,575.00
Other revenue	3,030,111.00	2,172,696.00	74,087.00	4,428,944.00	229,019.00	178,349.00	44,282.00	35,849.00	37,482.00	149,857.00
TOTAL REVENUE										10,230,829.00
EXPENSES										
Administrative salaries	485,021.00	76,947.00		152,639.00						714,607.00
Auditing fees		3,829.00		7,774.00						11,603.00
Compensated absences	5,292.00									5,292.00
Employee benefit contributions-admin	83,503.00	9,382.00		18,717.00						111,602.00
Other operating-administrative	148,434.00	42,276.00	2.00	86,056.00	229,019.00	178,349.00	37,464.00	35,849.00	37,482.00	794,931.00
Tenant services										-
Tenant services-salaries	24,401.00	41,148.00		63,542.00						149,091.00
Employee benefit contributions-ten services	4,175.00	5,052.00		10,079.00						19,306.00
Tenant services-other	5,861.00									5,861.00
Utilities										-
Water	127,753.00									127,753.00
Electricity	462,116.00									462,116.00
Gas	105,529.00									105,529.00
Other utilities expense	142,010.00									142,010.00
Ordinary maintenance and operations-labor	691,936.00									691,936.00
Ordinary maintenance & operations-materials & other	354,946.00									354,946.00
Ordinary maintenance & operations-contract costs	159,062.00									159,062.00
Employee benefit contributions-ordinary maintenance	128,753.00									128,753.00

see notes to financial statements

Housing Authority of the City of Baton Rouge
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS

SCHEDULE III
 page 2 of 2

	Low Rent	Vouchers	Mod Rehab	Existing	CGP	PHDEP	Business Activities	Service Coordinator	State Tutorial	Total
Insurance premiums	170,385.00	58,074.00		117,915.00						346,374.00
Other general expenses	96,493.00									96,493.00
Payments in lieu of taxes	54,318.00									54,318.00
Bad debt-tenant rents	35,300.00									35,300.00
Extraordinary maintenance	40,314.00									40,314.00
Capital losses-noncapitalized	22,323.00									22,323.00
Housing assistance payments	-	1,925,991.00	61,628.00	3,957,420.00						5,945,039.00
OPERATING EXPENSES BEFORE DEPRECIATION	3,347,925.00	2,162,699.00	61,630.00	4,434,142.00	229,019.00	178,349.00	37,464.00	35,849.00	37,482.00	10,524,559.00
NET OPERATING INCOME BEFORE DEPRECIATION	(317,804.00)	9,997.00	12,457.00	(5,198.00)	-	-	6,818.00	-	-	293,730.00
Depreciation expense	1,997,190.00									1,997,190.00
Net operating income/(loss) after depreciation	(2,314,994.00)	9,997.00	12,457.00	(5,198.00)	-	-	6,818.00	-	-	(2,290,920.00)
Retained earnings (operating reserve), 9-30-98	554,678.00	124,837.00	21,086.00	282,203.00			96,646.00			1,079,450.00
Add: HUD-REAC prior year GAAP adjustments	116,276.00	(96,444.00)	(498.00)	(193,592.00)						(174,258.00)
Operating income before depreciation	(317,804.00)	9,997.00	12,457.00	(5,198.00)			6,818.00			(293,730.00)
Retained earnings (operating reserve), 9-30-99	353,150.00	38,390.00	33,045.00	83,413.00			103,464.00			611,462.00
Net HUD contribution, 9-30-98	20,184,741.00	78,101.00	10,702.00	-	138,495.00					20,412,039.00
Current year addition and REAC adjustments	(64,074.00)				522,151.00					458,077.00
Net HUD contribution, 9-30-99	20,120,667.00	78,101.00	10,702.00		660,646.00					20,870,116.00
TOTAL EQUITY, 9-30-99	20,473,617.00	116,491.00	43,747.00	83,413.00	660,646.00		103,464.00			21,481,578.00

see notes to financial statements

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 COMPREHENSIVE GRANT PROGRAM FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

	PROJECT CGP 1998	PROJECT CGP 1999	TOTAL
REVENUES			
Local Sources			
Federal Sources—Grants	217,392.00	11,627.00	229,019.00
Total Revenues	<u>217,392.00</u>	<u>11,627.00</u>	<u>229,019.00</u>
EXPENDITURES			
Current:			
Administrative	217,392.00	11,627.00	229,019.00
General Expenses			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>217,392.00</u>	<u>217,392.00</u>	<u>229,019.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	138,495.00	-	138,495.00
CAPITAL OUTLAYS-ENTERPRISE FUNDS	522,151.00	-	522,151.00
FUND BALANCE AT END OF YEAR	660,646.00	-	660,646.00

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see notes to financial statements

Housing Authority of the City of Baton Rouge
 Baton Rouge, Louisiana 70806
 PHA's Statement and Certification of Actual Costs
 COMPLETED PROJECTS
 Annual Contributions Contract FW-1281
 For the year ended September 30, 1999

SCHEDULE V

1. The actual costs of the projects are as follows:

	PROJECT LA48P0037097	PROJECT LA48DEP0030196	PROJECT LA48ESC00300195	TOTAL
Funds Approved	1,067,997.00	375,000.00	109,583.00	1,552,580.00
Funds Expended	1,067,997.00	375,000.00	109,583.00	1,552,580.00
Excess of Funds Approved	0.00	0.00	0.00	0.00

FUNDS ADVANCED

HUD	1,067,997.00	375,000.00	109,583.00	1,552,580.00
Funds Expended	1,067,997.00	375,000.00	109,583.00	1,552,580.00
Excess of Funds Advanced	0.00	0.00	0.00	0.00

1. The distribution of costs by project as shown on the Final Statement of Cost dated 1-28-99, 1-28-99 and 9-17-99 accompanying the program closeout documentation submitted to HUD for approval is in agreement with the PHA's records.

2. All program costs have been paid and all related liabilities have been discharged through payment.

see notes to financial statements

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA 70806**

I have audited the financial statements of the Housing Authority of the City of Baton Rouge (PHA), as of and for the year ended September 30, 1999, and have issued my report thereon dated February 14, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 99-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the PHA's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-1 to be a material weakness.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

February 14, 2000



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA 70806**

Compliance

I have audited the compliance of the Housing Authority of the City of Baton Rouge (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards: the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular, Audits of States, Local Governments, and Non Profit Organizations.

Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

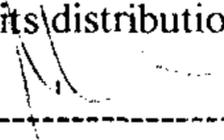
In my opinion, the PHA's complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended Month date, year.

Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matter in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted *no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.*

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



William Daniel McCaskill, CPA

A Professional Accounting Corporation

February 14, 2000

**THE HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA**

SUMMARY SCHEDULE OF PRIOR FINDINGS

There were no findings in the prior audit.

**THE HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA**

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

The report includes an unqualified opinion on the financial statements.

- i. There were reportable conditions in internal controls found required to be disclosed at the financial statement level.
- ii. The audit disclosed noncompliance which is material to the financial statements.
- iii. No reportable conditions in internal control over major programs, as required by A-133, were disclosed by the audit.
- iv. The compliance report issued for major programs was unqualified.
- v. The report disclosed no audit findings required to be reported under Section 510a of A-133.
- vi. All major programs have oversight by HUD and are identified as follows:

CFDA#	Name of Program
14.850	Low Rent
14.459	Comprehensive Grants
- vii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- viii. The auditee was not considered a low risk auditee.

2. Finding relating to the financial statements required to be reported with GAGAS are as follows:

FINDING 99-1

Statement of Condition—The PHA overran its Low Rent operating budget in four (4) areas.

Criteria—The PHA properly budgets all of its program at the beginning of the fiscal year. The PHA should monitor the budget versus actual during the year. During the year, when the actual expenditures exceed the budget, management should either reduce expenditures or adjust the budget as appropriate.

Effect—The PHA violated its policies as well as State law with budget overruns. The operating budget projected a deficit of \$21,285. The actual results produced a deficit of \$287,453.

Cause—The PHA's management did monitor its operating expenditures during the year and was aware of the budget overruns. However, because the PHA is no longer required to submit operating budgets and budget revisions to HUD management erred by not submitting a revised Operating Budget to the Board of Commissioners for timely approval.

PHA Response—The PHA agrees with the auditor's finding. The PHA will make every effort in the future to submit budget revisions to the Board of Commissioners on a timely basis and abide by their decisions.

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:

None

**THE HOUSING AUTHORITY OF THE CITY OF BATON ROUGE
BATON ROUGE, LOUISIANA**

CORRECTIVE ACTION PLAN

Our corrective action plan is as follows:

Finding 99-1

Contact Person Responsible for Action—Joseph Johnson

Corrective Action Planned—Management will continue to closely monitor the budget versus actual expenditures of the PHA. In the future, we will either 1) make the necessary expenditures cuts to live within our operating budget, or 2) prepare budget revisions and submit them to the Board of Commissioner for timely approval.